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中國工商銀行(亞洲)

ICBC (Asia)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

中國工商銀行(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 349)

**ANNOUNCEMENT IN RELATION TO
CONTINUING CONNECTED TRANSACTIONS
EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL**

Reference is made to the Company's announcements dated 31 December 2004, 4 February 2005, 28 September 2006 and 19 February 2008 respectively in relation to, amongst other things, the Service Levels Agreement made between the Company and ICBC whereby ICBC agreed to provide data processing and other related services to the Company through its Overseas Data Centre. The term of the Service Levels Agreement is due to expire on 31 December 2008.

The Board announced that on 30 December 2008, the Company entered into the Renewed Supplemental Service Levels Agreement with ICBC whereby ICBC agreed to, amongst other things, to extend the term of the Service Levels Agreement for a term of further three years from 1 January 2009 and expiring on 31 December 2011 (both days inclusive).

As ICBC is the controlling shareholder of the Company and hence the entering into of the Renewed Supplemental Service Levels Agreement constitutes continuing connected transactions of the Company under the Listing Rule 14A.14 and will be subject to the reporting and announcement requirements under Listing Rule 14A.34.

As each of the applicable percentage ratios (other than the profits ratio) of the Company calculated in accordance with Listing Rule 14.07 in respect of the aggregated fees payable under the Renewed Supplemental Service Levels Agreement is, on an annual basis, less than 2.5%, the entering into of the Renewed Supplemental Service Levels Agreement is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules and the Company will comply with the reporting and announcement requirements as set out in Listing Rules 14A.45 to 14A.47.

RENEWED SUPPLEMENTAL SERVICE LEVELS AGREEMENT

Reference is made to the Company's announcements dated 31 December 2004, 4 February 2005, 28 September 2006 and 19 February 2008 respectively in relation to the Service Levels Agreement entered into between the Company and ICBC whereby ICBC agreed to provide, through its Overseas Data Centre, data processing services including (amongst other things) new on-line application system, inter-bank deposit and fund transfer application, customer information application, bank cashier's order application and up-graded operating system to the Company. The Service Levels Agreement is due to expire on 31 December 2008.

On 30 December 2008, the Company entered into a Renewed Supplemental Service Levels Agreement with ICBC under which ICBC agreed to continue to provide services as prescribed in the Service Levels Agreement for a term of further three years from 1 January 2009 and expiring on 31 December 2011 (both days inclusive).

The parties may also propose to amend the terms of the Renewed Supplemental Service Levels Agreement where there are changes, such as changes in the operational environment and/or technical requirements for the services.

ANNUAL CAPS

Under the Service Levels Agreement, the Company was required to pay the annual service fee (inclusive of all out of pocket expenses and disbursements) to ICBC in the amount of RMB12,750,000 for the year ended 31 December 2007 and for the year ending 31 December 2008 respectively.

Under the Renewed Supplemental Service Levels Agreement, the service fee to be paid by the Company to ICBC will amount to RMB1,275,000 (equivalent to approximately HK\$1,444,575) per month, which shall be inclusive of all out of pocket expenses and disbursements. The service fee was arrived at after arm's length negotiations between the parties with reference to (1) the upward trend in the daily average transactions volume of data processing in the past years and the expected continuous steady growth of such volume in the foreseeable future; (2) the scope of the services provided; (3) the increasing need due to the Company's development of new products and services and the volume of the Company's business transactions; and (4) the enhancement of the operating systems (including but not limited to software support, systems support, technology support and hardware maintenance support). The Company expects the maximum aggregate annual value for the transactions under the Renewed Supplemental Service Levels Agreement, also referred to as the "annual caps", for the three years ending 31 December 2009, 2010 and 2011 will be RMB15,300,000, RMB15,300,000 and RMB15,300,000 (equivalent to approximately HK\$17,334,900, HK\$17,334,900 and HK\$17,334,900) respectively.

REASONS FOR THE TRANSACTION

The Directors consider that the outsourcing of the Company's data processing function to ICBC, a service provider outside the Group, is in the usual and ordinary course of business of the Company, and by outsourcing the Company's data processing function to ICBC through its Overseas Data Centre, the Company can improve its operational efficiency and reduce its operational costs.

The Directors (including the independent non-executive Directors) consider that the terms of the Renewed Supplemental Service Levels Agreement are on normal commercial terms and are fair and reasonable and that the entering into of the Renewed Supplemental Service Levels Agreement by the Company is in the interest of the Company and the Shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

As at the date of this announcement, ICBC held 925,903,979 Shares, representing approximately 72.04% of the issued share capital of the Company. Accordingly, ICBC is a controlling shareholder of the Company and a connected person of the Company for the purposes of the Listing Rules. As such, the entering into of the Renewed Supplemental Service Levels Agreement constitutes continuing connected transactions of the Company under Listing Rule 14A.14. As each of the applicable percentage ratios (other than the profits ratio) of the Company calculated in accordance with Listing Rule 14.07 in respect of the aggregated fees payable under the Renewed Supplemental Service Levels Agreement is, on an annual basis, less than 2.5%, the entering into of the Renewed Supplemental Service Levels Agreement is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules and the Company will comply with the reporting and announcement requirements as set out in Listing Rules 14A.45 to 14A.47.

According to Listing Rule 14A.25, the Renewed Supplemental Service Levels Agreement is required to be aggregated with the value of the transactions which are of similar natures for the purposes of determining the relevant category in which the transaction under the Renewed Supplemental Service Levels Agreements falls under. The following transactions which had been entered into between the Company (or its subsidiaries) with ICBC, are of similar natures to the Renewed Supplemental Service Levels Agreement:

- (i) As stated in the Company's announcement dated 19 March 2008, CMB entered into the CMB Service Levels Agreement with ICBC for the period commencing on 25 March 2008 and expiring on 31 December 2010. The expected maximum aggregate annual value of the transactions under the CMB Service Levels Agreement for the three years ending 31 December 2008, 2009 and 2010 will be at RMB453,750, RMB525,000 and RMB525,000 respectively (equivalent to approximately HK\$514,099, HK\$594,825 and HK\$594,825 respectively); and

- (ii) As stated in the Company's announcement dated 21 February 2006, the Company entered into the Credit Card Service Levels Agreement with ICBC, under which the term of the Credit Card Service Levels Agreement is due to expire on 31 December 2008. On 30 December 2008, the Company and ICBC entered into the Renewed Credit Card Service Levels Agreement whereby ICBC agreed, amongst other things, to extend the term of the Credit Card Service Levels Agreement for a term of another two years commencing on 1 January 2009 and expiring on 31 December 2010 (both days inclusive) at a total sum of HK\$400,000 per year being the operational costs and other related expenses. The Company expects the maximum aggregate annual value of the transactions under the Renewed Credit Card Service Levels Agreement will be HK\$400,000 and HK\$400,000 for the two years ending 31 December 2009 and 2010.

According to Listing Rule 14A.25, the Company expects that the maximum aggregate annual values for the transactions under the Renewed Supplemental Service Levels Agreement, CMB Service Levels Agreement and the Renewed Credit Card Service Levels Agreement for each of the three years ending 31 December 2009, 2010 and 2011 will be approximately as follows:

	Year ending 31 December 2009	Year ending 31 December 2010	Year ending 31 December 2011
Expected total amount under the Renewed Supplemental Service Levels Agreement	RMB15,300,000 (equivalent to approximately HK\$17,334,900)	RMB15,300,000 (equivalent to approximately HK\$17,334,900)	RMB15,300,000 (equivalent to approximately HK\$17,334,900)
Expected total amount under the CMB Service Levels Agreement	RMB525,000 (equivalent to approximately HK\$594,825)	RMB525,000 (equivalent to approximately HK\$594,825)	N/A
Expected total amount under the Renewed Credit Card Service Levels Agreement	HK\$400,000	HK\$400,000	N/A
Aggregated amounts	<u>HK\$18,329,725</u>	<u>HK\$18,329,725</u>	<u>HK\$17,334,900</u>

As each of the applicable percentage ratios (other than the profits ratio) of the Company calculated in accordance with Listing Rule 14.07 in respect of the aggregated fees payable under the Renewed Supplemental Service Levels Agreement and in aggregate with CMB Service Levels Agreement and Renewed Credit Card Service Levels Agreement is, on an annual basis, less than 2.5%, the entering into of the Renewed Supplemental Service Levels Agreement is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules and the Company will comply with the reporting and announcement requirements as set out in Listing Rules 14A.45 to 14A.47.

INFORMATION ON THE COMPANY AND ICBC

The Company is a fully licensed bank incorporated in Hong Kong and whose Shares are listed on the Stock Exchange. The Company is principally engaged in banking, financial and other financial related services with a focus on retail banking, commercial banking as well as corporate banking business. As at the date of this announcement, the Company has 43 retail branches, 9 "Elite Club" Wealth Management Centres, 5 commercial business centres and one Investment Service Centre in Hong Kong, and an overseas branch established in the Cayman Islands. The Company is the flagship of Hong Kong banking business of ICBC.

ICBC is a banking institution established under the laws of the PRC, the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange.

DEFINITIONS

In this announcement, the following capitalised terms shall have the following meanings:

“Board” or “Directors”	the board of directors of the Company;
“CMB”	Chinese Mercantile Bank, a bank established in the PRC and a wholly-owned subsidiary of the Company;
“CMB Service Levels Agreement”	the agreement dated 19 March 2008 entered into between ICBC and CMB in relation to the outsourcing of the CMB's data processing functions to ICBC, whereby ICBC agreed to provide data storage server, application server, on-line application server, storage facilities and network facilities to CMB through its Overseas Data Centre;
“Company”	Industrial and Commercial Bank of China (Asia) Limited;

“Credit Card Service Levels Agreement”	the agreement dated 26 March 2006 entered into between ICBC and the Company under which ICBC agreed to provide to the Company data storage and processing services in relation to data in connection with the Credit Cards (as defined in the Company’s announcement dated 21 February 2006) and other credit cards issued by the Company. The term of the Credit Card Service Levels Agreement is due to expire on 31 December 2008;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“ICBC”	Industrial and Commercial Bank of China Limited, a banking institution established under the laws of the PRC with its shares listed on the Stock Exchange and the Shanghai Stock Exchange;
“Listing Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange presently in force as at the date hereof;
“Overseas Data Centre”	a data processing center of ICBC, which has a place of business at Block 302, Che Gong Miao, Fu Tian District, Shenzhen, PRC;
“PRC”	the People’s Republic of China;
“Renewed Credit Card Service Levels Agreement”	the agreement dated 30 December 2008 entered into between ICBC and the Company under which, amongst other things, to extend the term of the Credit Card Service Levels Agreement for another two years commencing on 1 January 2009 and expiring on 31 December 2010 (both days inclusive);
“Renewed Supplemental Service Levels Agreement”	the agreement dated 30 December 2008 entered into between ICBC and the Company in relation to the outsourcing of the Company’s data processing function to ICBC, whereby ICBC agreed to continue to provide services as prescribed in the Service Levels Agreement for a term of further three years commencing on 1 January 2009 and expiring on 31 December 2011 (both days inclusive);
“RMB”	Renminbi, the lawful currency of the PRC;

“Service Levels Agreement”	the service levels agreement dated 21 February 2002 (as amended and supplemented by supplemental agreements respectively dated 4 February 2005, 28 September 2006 and 19 February 2008) made between ICBC and the Company in relation to the outsourcing of the Company’s data processing functions to ICBC;
“Shares”	ordinary shares of par value of HK\$2.00 each in the capital of the Company;
“Shareholders”	holders of the Shares of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, amounts in RMB have been translated into HK\$ at an exchange rate of HK\$1.133 to RMB1.00 for illustration purposes only.

By Order of the Board
Tsang Mei Kuen
Company Secretary

30 December 2008

As at the date of this announcement, the Board comprises Mr. Chen Aiping, Mr. Wong Yuen Fai and Mr. Zhang Yi as executive directors, Dr. Jiang Jianqing, Ms. Wang Lili and Mr. Hu Hao as non-executive directors and Professor Wong Yue Chim, Richard, S.B.S, J.P., Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George as independent non-executive directors.